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SUBJECT: EU TO LAUNCH NEW ENERGY AGENCY

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11. (SBU) Summary: In a letter dated November 27, 2009, European Commission President Jose Manuel Barroso provided incoming Energy Commissioner Guenter Oettinger with his mandate on EU energy policies. Barroso also announced the creation of the new Directorate General for Energy, which will take over responsibilities for energy research from DG Research. End summary.

12. (SBU) Barroso wrote Oettinger that energy policy will "play a crucial role in (the EU's) future competitiveness and in meeting our climate goals" and it "will make an important contribution to the sustainability of our social market economy." He set forth the following priorities for Oettinger:
--a single market for energy and EU energy security policy;
-- a long-term strategy to de-carbonize energy inputs, by reviewing energy efficiency policies and updating the EU's 2006 energy efficiency action plan (Note: The 2006 action plan outlines strategies to yield 20 percent energy savings by 2020. End note.);
--refocusing energy research efforts on industry-driven applied technologies to stimulate smart growth and jobs;
--development of a European super grid and smart grids; and
--strengthening the EU's frameworks on nuclear safety and nuclear waste to assist member states that generate nuclear power.

13. (SBU) Barroso wrote that he will break up DG-TREN) the Directorate General for Energy and Transport) and create a DG Energy and a DG Transport. Barroso also told Oettinger that the units responsible for energy research, including all of EURATOM (the EU's nuclear energy agency) will be transferred from DG Research to DG Energy, giving Oettinger control over the EU's energy research budget. According to one DG Research official, this came as a complete surprise. Currently, DG Research maintains the lead in bilateral energy research cooperation, such as the energy technology roadmap with the Department of Energy and the energy technology working group under the U.S.-EU Energy Council. These responsibilities will now shift to DG Energy.

14. (SBU) Comment. The consolidation of energy research and energy policy functions into one DG underscores the importance Barroso has placed on energy issues, particularly the development of new technologies. Indeed, although the letter mentions energy security first, much of Barroso's emphasis is on energy technologies, energy efficiency, and research. Barroso is cognizant of the substantial investments being made in China and the United States in green technologies, and he is keen to retain the EU's "first mover advantage" as a means to promoting 21st Century growth.

The reconfiguration should not have a major impact on the U.S.-EU Energy Council at the working level, as the technical personnel will remain in place, but it could mean that the Commissioner for Research will no longer be involved. End comment.

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